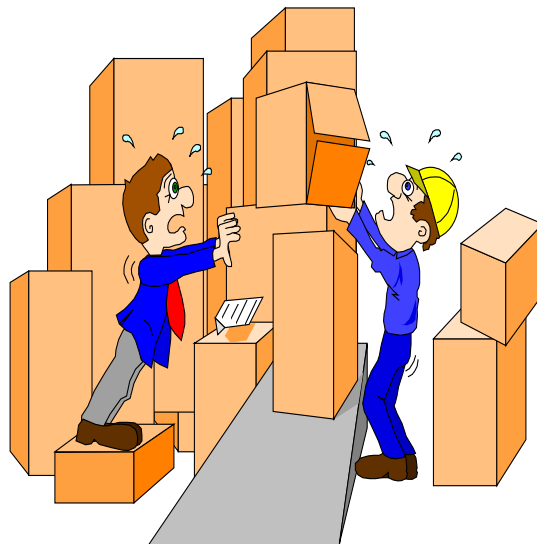




**AIR LOGISTICS CENTER'S
SPIRIT 97/
LIGHTNING BOLT 10/10A**

DESKTOP GUIDE

**TOOL IDENTIFICATION FOR
COMPETITIVE/NON-COMPETITIVE
ACQUISITIONS WITH EMPHASIS
ON SPARE PARTS**



Prepared by OC-ALC/PKC

FOR REFERENCE ONLY

18 Aug 1997

DESKTOP GUIDE

FOR

AIR LOGISTICS CENTER'S

SPIRIT 97/LIGHTNING BOLT 10/10A

INTRODUCTION:

The purpose of this guide is to highlight the tools and best practices that are in use across the ALCs, and to facilitate the broadest dissemination of the best practices in order to baseline the processes. This guide is applicable to ALC personnel (contracting officers, engineers, production managers, equipment specialists, logistics managers, program managers, and item managers) involved in the process of procuring spare parts. This guide contains exercises and a plan to achieve REAL reductions in lead-time and spare part costs. Further, it contains tools and best practices to facilitate the achievement of these reductions.

Section 1 discusses the various acquisition lead-time reduction projects such as, Acquisition Pipeline Inventory Reduction (APIR), Lightning Bolt 10/10A, and Sustainment Process Improvement Reform Implementation Team (SPIRIT) 97. From these initiatives, tools were identified and are highlighted in this guide. Some of these tools have applicability for any type of acquisition including sole source and competitive situations with a down select. Other tools are more applicable to spares acquisition. When going through this section and reviewing the categories (requirements definition, acquisition planning, solicitation, and selection/negotiation) keep in mind this is a general discussion of "ALL" tools available for use in any type of acquisition. Each of these initiatives were different in scope, for example, APIR reviewed various portions of the spares acquisition pipeline, while Lightning Bolt 10/10A reviewed both competitive and non-competitive acquisitions, and SPIRIT 97 reviewed the entire process including an undefined element known as ALT-1 (requirement identification). From these initiatives The Help I Need to Know (THINK) Model was created.

Section 2 discusses the THINK Model and its branches so that “Best Practices” can be applied to the spares acquisition. This section focuses on identifying best practices and an easy way to apply them to the spares acquisition process. It provides a series of questions and decisions that should be considered about your spares acquisition environment, then provides processes and tools that can be applied to that environment. Exercises are provided to strengthen the readers understanding of the optimal situation in which to apply the “Best Practices”. Answers to the exercises are contained in Appendix A to this guide.

Use this guide to help “**Think**” about innovative approaches to streamline the spares acquisition. Remember, it is possible to combine many of the processes. Many of the tools described are most effective when used in conjunction with various other techniques, such as parallel processing, class Justification & Approvals (J&As), Indefinite Delivery (ID) contracts, etc.

NOTE: This guide is to be used by AFMC personnel who possess the working knowledge of the spares acquisition process and is a reference document only.

This guide was prepared for the Centralized Request For Proposal (RFP) Support Team (CRFPST), Air Force Materiel Command by OC-ALC/PKC, Mr. Frank Canary, DSN 884-3020.

TABLE OF CONTENTS

1. Introduction	i
2. Table of Contents	iii
3. Section 1	1
Purpose	1
Background	1
Acquisition Leadtime Reduction Projects	2
Why Look at the Pipeline	3
A Baseline	4
The Scope	5
Categories	6
Requirements Definition	6
Acquisition Planning	6
Solicitation	7
Selection/Negotiation	8
4. Section 2	9
THINK Model	10
Buy Requirement (IPT/EII)	11
Working IPT or Contract Review Team	11
Early Industry Involvement	12
Buy Requirement (EC/EDI - SMRB)	13
EC/EDI	13
SMRB	14
Best Practices	14
Simplified Acquisition Questions	15
Combined Buy or Repeat Buy	16
Indefinite Delivery Contracts	16
Requirements Contracts	17
Multiple Year Contracts	17
Blanket Purchase Agreements	17
Oral Solicitations/Proposals	18
Commercial Parts	19
Commercial Contracting	19

TABLE OF CONTENTS

(CONT'D)

Commercial BPA	20
Commercial Catalog	20
Exercise 1	21
Exercise 1A	22
Exercise 1B	23
Best Practices (Cont'd)	24
Large Acquisitions	24
Parallel Processing	26
IPT Pricing	27
Multiple Year Contracting	28
Statement of Objectives	28
Tools/Processes for Large Dollar Buys	30
Form, Fit, Function, & Interface	32
Commercial Buys	33
Commercial Contracting	34
Commercial BOA	34
Commercial Catalog	34
ID/Requirements Contracts	35
Specialized BOA	35
Class J&A	36
Statement of Objectives	36
Exercise 2	37
Competitive Acquisitions	39
Commercial BOA	40
Commercial Catalog	41
Solicitation on CBD	41
Tools/Processes for Competitive Buys	42
Performance Acquisitions	43
Form, Fit, Function, & Interface	43
Higher Assembly & Part Number Buys	45

TABLE OF CONTENTS

(CONT'D)

Competitive Awarded Indefinite	
Delivery/Requirements Contract	45
Multiple Year Contracting	46
Basic Ordering Agreement	46
Catalog Pricing	46
IPT Pricing	46
Exercise 3	47
Other Time Saving Tools	49
Advance Synopsis.....	49
Advance PRs	50
Tailored Pricing	50
Planning PRs	50
Flexible PRs.....	50
New Source Insurance.....	51
THINK Model	52
5. Appendix A (Solutions to Exercises).....	A - 1
Exercise 1	A - 2
Exercise 2	A - 8
Exercise 3	A -11

SECTION 1

PURPOSE/BACKGROUND

PURPOSE:

The purpose of this guide is to provide all levels of decision makers and advisors, who are involved in purchasing spare parts, consolidated information and tools. This guide incorporates Air Logistic Center's best practices and provides approaches to procure parts in a better, faster, cheaper and smoother way. The command has spent many man-hours studying the spares acquisition process through Acquisition Pipeline Inventory Reduction (APIR), Lightning Bolt 10/10A, and Sustainment Process Improvement Reform Implementation Team (SPIRIT) 97, which includes a special effort to look at ALT-1 (Requirement Identification). From these initiatives, tools were identified and are highlighted in this guide. Some of these tools have applicability for any type of acquisition including sole source and competitive situations with a down select. Other tools are more applicable to spares acquisition. When going through this section and reviewing the categories (requirements definition, acquisition planning, solicitation, and selection/negotiation) keep in mind this is a general discussion of "ALL" tools available for use in any type of acquisition.

BACKGROUND:

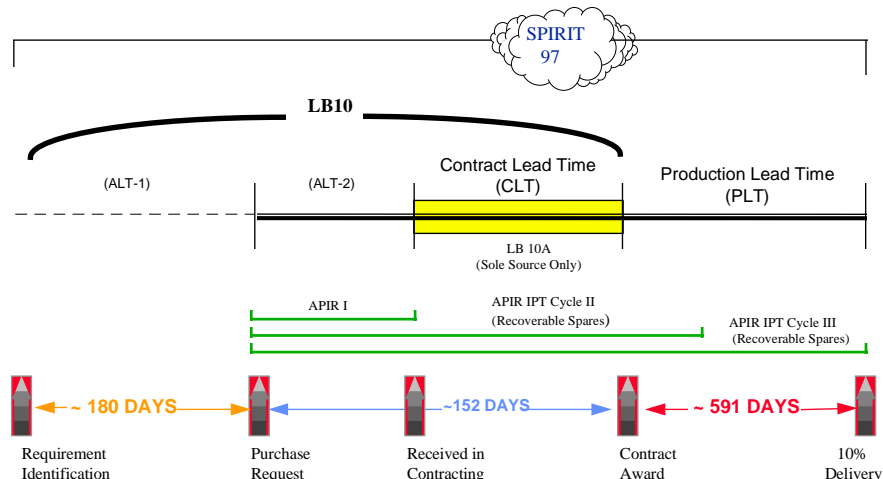
Lightning Bolt 10/10A was chartered to discover ways to reduce the acquisition cycle time from requirements definition to contract award for both competitive and sole source procurements.

An additional initiative began when the Centralized Request For Proposal (RFP) Support Team was established by SAF/AQ on 1 Aug 95 to implement the tenets of acquisition reform in all RFPs greater than \$10 million. Metrics were collected at each center to measure progress towards making the cultural change necessary to implement these tenets. The metrics showed the tenets were easily adopted at product centers; however, they did not apply as easily at logistics centers. As a result, an ALC summit was held to determine how acquisition reform applied to logistics centers. It was determined that a very small portion of ALC business falls in the

greater than \$10M area, and that the processes used for purchasing the majority of ALC products (spare parts) are significantly different than the processes used at the product centers. AFMC/AQ presented these findings to SAF/AQ, and as a result, the Sustainment Process Improvement Reform Implementation Team (SPIRIT) 97 was established to accomplish sustainment reform.

The challenge put forth to the SPIRIT 97 team was to achieve overall reductions in total cost and lead-time of spare parts through the implementation of known and new best practices, and to modify the thinking from concern over unit price to concern over total cost per National Stock Number (NSN).

Acquisition Leadtime (AQLT) Reduction Projects



This is the current pipeline for spare part procurements across the command as stated in, "The Acquisition Pipeline Inventory Reduction II Report," Sep 96. This chart also illustrates the focus areas of Lightning Bolt 10/10A and SPIRIT 97. As you can see, there is a lot of overlap, which made it natural to combine the efforts into one product - this guide. Also, notice the unmeasured time, ALT-1 (Requirement Identification) not picked up in our forecasting systems for defining requirements. Remember, understated pipeline = understated requirements.

WHY LOOK AT THE PIPELINE?

The pipeline directly affects the quantity and timing of spare parts procurement. The shorter the pipeline the less items are needed in the queue. This will reduce total dollars obligated, increase opportunity dollars, and improve asset availability.

The question to be asked is, "What is the relationship of pipeline time to total cost?"

The answer is simple--the longer the pipeline, the more assets you must have in the queue to maintain mission readiness. If the pipeline can be shortened, then fewer numbers of items will need to be purchased and MICAPs can be filled faster. Also, a reduction of the number of items required to buy will result in greater "opportunity dollars" becoming available to purchase additional part numbers. Success is contingent upon being empowered to spend money where it is needed. Spending less on one NSN might present "opportunity dollars" to spend on other required NSNs that were previously unaffordable. The result is enhanced SUPPORTABILITY, and an overall savings to the Air Force.

In order to affect lead-time we must know what are the TRUE and REAL lead-times. The presence of unmeasured time in the pipeline equates to understated requirements, which leads to shortages in the field, thereby impacting mission readiness. We need to start the focus towards reductions in total cost through reductions in true leadtime. Today there are many cases where need dates are extended to get a reduced per unit price. What is lost in these situations is that as the need date is extended (increased pipeline) the total buy requirement (items in the queue) usually goes up resulting in an increase in inventory on-the-shelf investment. We need to provide tools to the program managers, item managers, equipment specialists, and buyers of these parts so that they can be used to make buying decisions to reduce costs and acquisition leadtimes, plus maintain or enhance SUPPORTABILITY.

Innovative Approaches = Best Practices

A Baseline

FAR 1.102-4(e) - “If a policy or procedure, or a particular strategy or practice, is in the best interest of the Government and is not specifically addressed in the FAR, nor prohibited by law (statute or case law), Executive order or other regulation, Government members of the Team should not assume it is prohibited. Rather, absence of direction should be interpreted as permitting the Team to innovate and use sound business judgment that is otherwise consistent with law and within the limits of their authority.”



A thought to consider before starting the next portion of the guide, which introduces the tools, best practices and the “The Help I Need to Know (THINK)” Model (Section 2). A significant shift in the approach to Government acquisition occurred when acquisition reform hit the lime light in 1995. FAR Part 1 was revised to highlight this change, which is important in establishing a mindset when embarking on new and innovative approaches to any type of acquisition, whether systems or sustainment, sole source, or competitive. Essentially, the guidance indicates that unless the regulations specifically state something can’t be done, the team should assume it is allowable. The Lightning Bolt 10/10A report confirms this approach when they found there were “no significant Air Force policy impediments to cycle time reduction”.

The Scope

- **Contract Activity:**

- Competition/Limited Competition/Noncompetitive for:

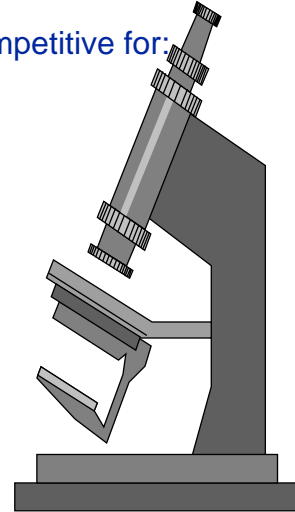
- New Starts
 - Supplemental Agreements

- **Four Main Categories of Tools:**

- Requirements Definition
 - Acquisition Planning
 - Solicitation
 - Selection/Negotiation

- **Application of Tools**

- The “THINK Model”



The contract activity this guide applies to are: competition, limited competition, and non-competitive for acquisition new starts and supplemental agreements. The tools are applicable to almost any type of contract action. Lightning Bolt 10/10A identified the tools according to the four categories (requirements definition, acquisition planning, solicitation, and selection/negotiation) of an acquisition, some are more applicable to sustainment than others. While the categories identify tools available, the “THINK” Model assists in determining which tools might apply to the buy.

The tools on the following pages that are in bold type were identified as best practices by the Lightning Bolt 10/10A, APIR, and SPIRIT 97 (ALT-1) teams.

More detail on each of these practices can be found in the LB10/10A Report on the WWW. Lightning Bolt 10/10A Final Report - “www.safaq.hq.af.mil/acq_ref/bolts/bolt10/lb10_team/final_report/”. SPIRIT 97 - “www.crfpst.wpafb.af.mil/Spirit97/”.

NOTE: The THINK Model will be discussed in Section 2 of this guide.

CATEGORIES

Requirements Definition

11 Tools for your use

- 1) **Communicate With Industry Early and Often**
- 2) **Reduce ALC Technical Data Package Preparation Time**
- 3) **Consolidate Buys on Indefinite Delivery (ID) Type Contracts**
- 4) **Allow Offerors to Propose Performance Schedule**
- 5) **Combine/Automate the AFMC Form 761 & J&A Process**
- 6) Prioritize User Requirements
- 7) Incorporate User Representatives into Program Offices
- 8) **Basic Ordering Agreements (BOAs)**
- 9) Streamline and Discipline the ECP Process
- 10) **Reduced PR Intransit Time/Greater use of Flexible PRs**
- 11) **Integrated Government-Contractor Approach/Sole Source Acquisition**

Bold Indicates Combined Efforts of Acquisition Reform Teams

Acquisition Planning

26 Tools for your use

- | | |
|---|--|
| 1) Describe Source Selection Process to Industry | 8) Waive Requirement for Separate SSAC and SSEB |
| 2) ALC Senior Management Review Board/Contract Review Team | 9) Provide Long-term Program Strategy to Industry |
| 3) Carefully Focus the Scope of Past Performance Evaluation | 10) Incentives for Reducing Acquisition Cycle Time |
| 4) Set Lofty Goals | 11) Review/Revise Process Time Standards |
| 5) Pre-ASP Team Meetings | 12) Source Selection Documentation Efficiency |
| 6) Dedicated RFP Development/Source Selection Team | 13) Advance Synopsis |
| 7) Involve Legal and Source Selection Support Early | 14) Keep Documents in Outline Form |

Bold Indicates Combined Efforts of Acquisition Reform Teams

Acquisition Planning

26 Tools for your use cont.

- | | |
|---|---|
| 15) Lessons Learned and the Navy
"Turbo Streamliner" | 20) Establish Integrated Product
Development Center (IPDC) |
| 16) Mentoring for Source Selection
- Pair inexperienced personnel
with experienced people to
minimize learning curve delays
and increase source selection
effectiveness. | 21) Non-FAR Procurement
Agreements |
| 17) Rolling Downselect | 22) Balance Cost of Source
Selection vs Program Size |
| 18) Maintain Continuity During Key
Sub-Processes | 23) Narrow the Focus of the
RFP/Source Selection |
| 19) Increased Use of Class
Justifications and Approvals
(J&As) | 24) Examine Alternative
Competition Strategies |
| | 25) Risk Assessment |
| | 26) Ensure Adequate Training for
Workforce |

Bold Indicates Combined Efforts of Acquisition Reform Teams

Solicitation

24 Tools for your use

- | | |
|---|---|
| 1) Capability Assessment | 8) Phased Source Selection |
| 2) Cost/Pricing Data Limits | 9) Contract Award without an
RFP |
| 3) Integrated Product Team
Pricing | 10) Identify Funding Profile in the
RFP |
| 4) Past Performance Evaluation in
Lieu of Technical Proposal | 11) Begin Past Performance
Evaluation Prior to Proposal
Receipt |
| 5) Industry Involvement in RFP
Development | 12) Confidential RFP Feedback to
Offerors |
| 6) Electronic Data Storage and
Transfer | 13) Use WWW for a "Living"
Draft RFP |
| 7) Identify Source Selection Team | |

Bold Indicates Combined Efforts of Acquisition Reform Teams

Solicitation

24 Tools for your use cont.

- 14) Severely Streamlined Section L
- 15) Draft Proposals from Offerors
- 16) Integrate Source Selection Standards into Section M
- 17) Simplify Line Item Pricing**
- 18) Reduce the Need for BAFOs**
- 19) Oral Presentations and Oral Proposals**
- 20) Enhanced Government/Industry Teaming**
- 21) Establish "Centralized" Cost Model
- 22) Contractor Use of Government Evaluation Models
- 23) Use Electronic Media to Communicate with Industry**
- 24) Use AFMC Waiver of Federal Prison and Foreign Government Directed Acquisition

Bold Indicates Combined Efforts of Acquisition Reform Teams

Selection/Negotiation

4 Tools for your use

- 1) Include SSA in Debriefings
- 2) Debrief at the Contractor's Facility
- 3) Proposal Revision Following a Sustained Protest
- 4) Open Source Selection Debrief

Bold Indicates Combined Efforts of Acquisition Reform Teams

SECTION 2

The “THINK” Model

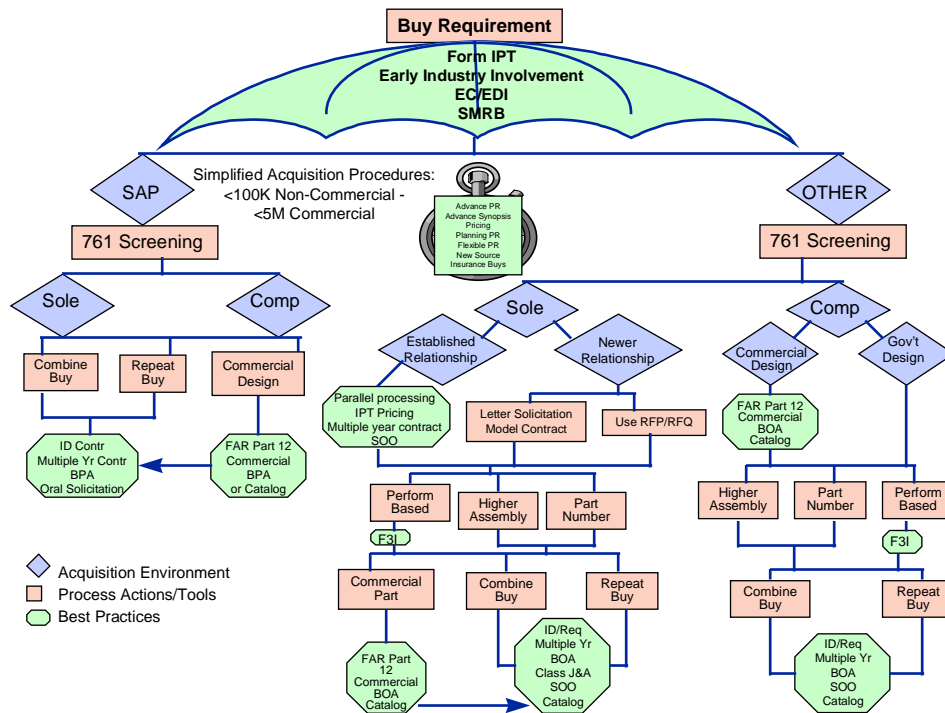
“The Help I Need to Know”

- A Thought Process for determining what Tools might apply to your buy
- Based on a series of decisions/questions
- Use tools singly or in combination
- Provides the most likely path, but not the only path
- Best practices came from the ALCs
 - They work
 - No HQ level policies preventing implementation

Two words to put in your vocabulary, “I Can!”

In this section, we will begin looking at how we might apply the tools highlighted in Section 1 to the spares acquisition process. As discussed previously, this section will assist you in identifying the best practices that are applicable to the spares acquisition process and an easy method to apply them. As a result, the THINK (The Help I Need to Know) Model was developed. It provides a series of questions and decisions that should be considered about your spares acquisition environment, then provides processes and tools that can be applied to the environment. After responding to the questions and applying the processes, best practices are identified that could be applied in a particular situation. When using the model there are several important factors: (1) The model helps identify a most likely path under which a best practice may apply. It isn't the only path, so be creative. (2) Best practices are good by themselves, but they increase exponentially when combined with other best practices. (3) All of the best practices identified came from ALCs, which indicates command and center level policy allows for the innovative approaches.

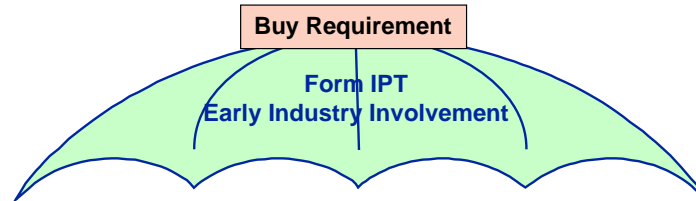
THINK MODEL



This is the “THINK” Model. We will begin discussing segments of the model beginning on the next page. **CAUTION: To keep from becoming confused later on - take the time now to study the model.** To keep track of the flow, remember the following key: Best practices are coded as green octagons, acquisition environment is identified by blue diamonds, and tools and processes are mauve rectangles. There are two basic branches of the “THINK” Model. The first branch deals with Simplified Acquisition Procedures (SAP) for buys under the Simplified Acquisition Threshold for both Sole Source and Competitive. The second Branch deals with Sole Source and Competitive over the Simplified Acquisition Threshold.

We will start with best practices that apply to “ALL” buying/acquisition situations; therefore they are identified in an umbrella.

BUY REQUIREMENT (INTEGRATED PRODUCT TEAMS & EARLY INDUSTRY INVOLVEMENT)



■ Form Integrated Product Teams/Contract Review Teams

- **Teaming** with all participants of the acquisition process
- Facilitates **smart buying decisions**
- Ensures buy-in and **minimizes scrap and rework**

■ Early Industry Involvement

- **Enhanced communication** between Government and Industry (ie CRTs)
- **Streamlines buying process** with
 - **Better understanding** of requirements
 - Improved RFP/RFQ and proposal quality
 - Reduced source selection/competition cycle time

NOTE: Each umbrella indicates those best practices that have applicability across the entire buying phase.

Working IPT or Contract Review Team

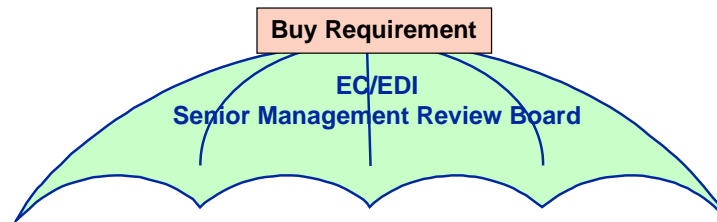
Working Integrated Product Teams (IPTs) are applicable and doable between Item Managers, Equipment Specialists, Buyers, and Industry. One of the most important factors in having an effective IPT is maintaining open communication and improving upon the overall acquisition environment. This is accomplished by use of teaming both formally and informally to strategize both short term and long term buying requirements and trade space. The team should strive to refine the process for moving Purchase Requests (PRs) from initiation to contract award. If visibility into various buys is not possible at Item Manager or Buyer level, consider including Branch Chiefs and Contracting Officers on the team. APIR III has recommended the establishment of CRTs, which would function as a “cohesive” team that works together to develop the PR package, solicitation strategy and solicitation, evaluate the offeror’s proposal,

participate in negotiations and contract award, and participate in post award activities.

Early Industry Involvement

Early Industry Involvement (EII) is applicable to competitive buys from requirement definition to RFP release, and sole source from requirement definition to contract award. EII can be accomplished by several means such as, conferences, one-on-one meetings, or electronically (Electronic Commerce/Electronic Data Interchange), WIPTs, and CRTs. It is important to ensure all offerors have access to the same information and the same opportunities. Information obtained from EII is then input into the technical requirements, performance schedules, quantities, and forecasting.

BUY REQUIREMENT (ELECTRONIC COMMERCE/ELECTRONIC DATA INTERCHANGE & SENIOR MANAGEMENT REVIEW BOARD)



■ Electronic Media to Communicate with Industry (EC/EDI)

- Facilitates **communication**
 - Continuous feedback
 - Rapid coordination between Government and Industry
 - Automated Budget Compilation System (ABCS) on the WEB

■ ALC Senior Management Review Board (SMRB)

- **Accountable** Owner of Spare Acq Process at ALCs
- Senior functional management **oversight**
- **Macro view** of the acquisition cycle for trend analysis and rapid corrective action

EC/EDI

Electronic Commerce/Electronic Data Interchange (EC/EDI) is applicable to both competitive and sole source buys. During the pre-award phase use it to communicate the requirements, ABCS, Draft RFP, supporting documentation, questions from industry and responses from Government, and the final RFP. During post-award, use it to streamline communication between the Government and the Contractor. Also, EC/EDI can be used to expedite ordering procedures. This can be accomplished by several different approaches such as, point-to-point, WWW (including password protected ordering), and E-Mail. Please note that if establishing point-to-point communications the costs can be expensive. In addition, there continue to be issues with proprietary data being provided electronically. However, when used in conjunction with other best practices, EC/EDI is an effective streamlining tool.

SENIOR MANAGEMENT REVIEW BOARD

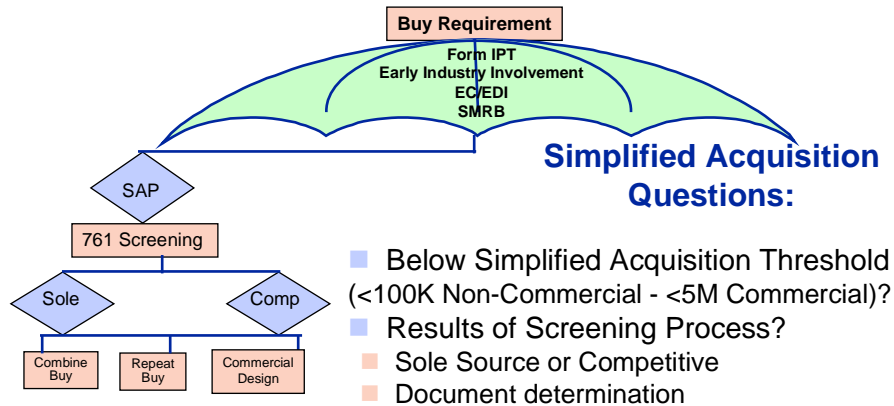
The SMRB is a standing board that is available when a forum of experienced personnel with multi-functional expertise is needed to focus on best solutions for continuous acquisition improvements. It can also gain visibility across two letters to determine when roll-up buys may be appropriate to the same vendor serving more than one directorate. The SMRB has the ownership and accountability of policies/processes connected with acquisition leadtime and acquisition reform at the Air Logistics Centers to achieve optimal efficiency and life cycle costs. The SMRB reports through the S&IO MEB and falls under the AF Supply Management Activity Group business area. It is composed of senior representatives from all areas that can effect changes to processes, e.g. Financial Management, selected Product and Material Groups Management Directorates, Contracting, Technological, and Industrial. Consider contractor representation as long as discussions are focused on process improvement.

BEST PRACTICES

Following are Best Practices which were collected from across all the Air Logistics Centers. Within the Best Practices there are two recurring themes: Combined/Repeat Buys and Commercial Buys. There are two basic branches of the “THINK” Model. The first branch deals with Simplified Acquisition Procedures (SAP) for buys under the Simplified Acquisition Threshold for both Sole Source and Competitive. The second Branch deals with Sole Source and Competitive over the Simplified Acquisition Threshold. Within each branch there are a series of questions to be answered to establish the acquisition environment. Acquisition environment is color coded blue (diamonds). Once the acquisition environment is determined, several best practices will be identified for consideration on the acquisition you are accomplishing.

NOTE: The time you spend here will provide the best benefits for your acquisition.

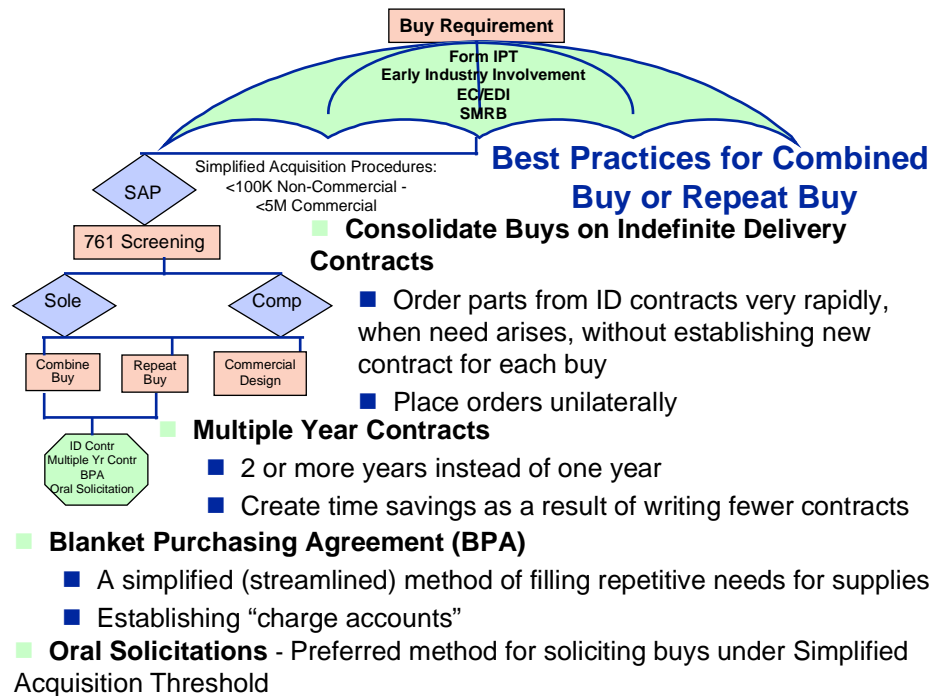
SIMPLIFIED ACQUISITION QUESTIONS



- Steps to be taken to streamline Simplified Acquisition?
 - Combine Buy: Combine with similar parts to same vendor
 - Repeat Buy: Continuing relationship with same vendor/same parts being purchased repeatedly?
 - Commercial Buy: Meets definitions of commercial items per FAR 2.101

To determine the acquisition environment, select the applicability of each of these questions. Is the buy below the simplified acquisition threshold of \$100K Non-Commercial or \$5M Commercial? If so, has it completed the 761 screening process to determine if there is only one known source or is it a competitive buy? Has that determination been documented? What steps (processes are color coded mauve - rectangles) can be taken to streamline the Simplified Acquisition? AFMC FAR Sup 5313.104 recommends consolidating requirements whenever possible to save resources. This will also streamline the acquisition by reducing the number of buys necessary. Therefore, determine if the buy can be combined with other similar parts, or if the buy requirement was repeated in the past with an expectation that it will continue to be purchased in the future. Also, does the spare meet the definition of commercial items per FAR Part 2.101, or does it have a commercial part number. Any combination of these steps could apply to a single Simplified Acquisition. FAR Part 13.103 encourages buyers to use innovative approaches when following Simplified Acquisition procedures.

BEST PRACTICES FOR COMBINED BUY OR REPEAT BUY



If you were able to combine the buy or if it is a repeat buy, there are several best practices that might be considered for simplified acquisitions. (Best practices are color coded green - octagons)

Indefinite Delivery Contracts

When there is a repetitive buy or if buys can be combined across organizations, consider use of an Indefinite Delivery (ID) contract (FAR 13.109). Timing must allow for identification of potential quantities of recurring candidate replenishment spares and/or groups of related items. This requires up front planning to determine spares to be included in the contract. However, once this is done, orders can be placed unilaterally in a fraction of the former time.

NOTE: Early Industry Involvement (EII) is highly suggested.

Requirements Contracts

Requirements Contracts are Indefinite Delivery (ID) Contracts in that they are for known items with unknown delivery and quantity requirements. Requirements Contracts differ from the other types of ID contracts in that they do not require a minimum quantity purchase. They normally require that if a requirement exists that the Government must place the order against that contract.

Multiple Year Contracts

Multiple Year Contracts are allowed per FAR 17.204. This requires stable demands and markets in order to accomplish long term agreements. With the longer contract period, contractors may be willing to change their processes to support improved Production Lead Time (PLT) and/or reduced costs as well as, reducing Administrative Lead Time (ALT). AFFARS 5317.204(e) provides the chief of the contracting office making the award the authority to approve contract periods in excess of five years on a case-by-case basis.

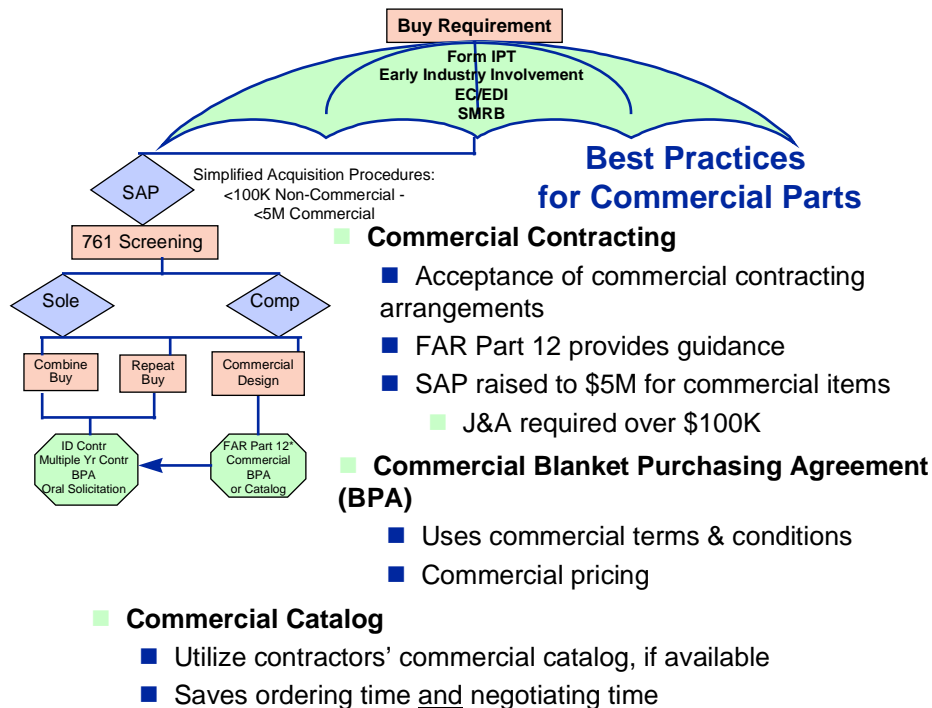
Blanket Purchase Agreements (BPA)

Blanket Purchase Agreements apply to a wide variety of items in a broad class of supplies that are generally purchased, but exact items, quantities, and delivery requirements are not known in advance and may vary. BPAs are allowed per FAR 13.202. BPAs are established in coordination with a supplier. For premium benefit, make arrangements for securing maximum discounts, documenting transactions, and billing procedures. Purchases should be made electronically.

Oral Solicitations/Proposals

Oral Solicitations/Proposals are allowed per FAR Part 13. Use of oral solicitations and proposals is a preferred method of ordering for Simplified Acquisitions.

BEST PRACTICES FOR COMMERCIAL PARTS



The Statement of Guiding Principles for the Federal Acquisition System, FAR 1.102, emphasizes maximizing the use of commercial products and services. Best practices (color coded green - octagons) for commercial parts, which can be combined with other best practices, are as follows:

Commercial Contracting

Federal Acquisition Circular, FAC 90-45 (2 Jan 97) allows for the application of Simplified Acquisition Procedures (SAP) to commercial buys up to \$5 million. In this case, FAR 13.602 requires the use of a Justification and Approval for sole source contracts over \$100,000. Commercial Contracting procedures are generally considered to be more streamlined than DoD contracting procedures. Guidance for commercial contracting is found in FAR Part 12. It does not apply to the micro-purchase level. Commercial contracting is most effective when strictly commercial procedures are used as opposed to mixing Government and commercial procedures.

Commercial BPA

For simplified acquisitions, a Commercial Blanket Purchasing Agreement (BPA) is highly effective in streamlining a buy. It is allowed per FAR 13.201, and combines the advantages of a BPA and commercial contracting.

Commercial Catalog

Utilizing contractors' commercial catalogs eases the workload associated with pricing and ordering of commercial parts.

EXERCISE 1

Test Time!!!



- ◆ You have received a buy for an actuator for a F75 Engine
- ◆ The screening process has indicated there isn't a drawing package available
- ◆ Its value is \$xxK
- ◆ What are some potential best practices we could apply to this buy?

To accomplish exercise 1A and 1B, use the information obtained from pages 15 to 20 to answer how you would apply all appropriate best practices. Answers to exercises 1A and 1B (contained in Appendix A to this guide) are only provided as possible solutions.

NOTE: The scenario's provided for the exercises provide only limited examples on the applicability of the "Best Practices". They are provided to assist you in applying them to real world situations.

EXERCISE 1 A

SCENARIO 1: You are a member of the acquisition team tasked to purchase an actuator for a F-75 engine. Historically, the only company available to obtain this part is Jet-engine United Northern Company (JUNC). The screening process revealed that the drawing package is incomplete. You have an immediate requirement for 25 actuators with an on-going requirement of 18 per year for the next 5 years. Other JUNC unique components are currently being purchased under other procurement actions. You have researched this item and the JUNC catalog price is \$4,000.00 per actuator for orders up to 10 and the unit price for orders 11 to 30 are \$3,200.00. Based on this information, answer how you would apply all appropriate best practices (pages 15 to 20). The following questions will aid you in your thinking process.

Is this acquisition below the Simplified Acquisition Threshold?

Is this acquisition sole source or competitive?

Can this acquisition be combined with another buy?

Has this acquisition been a repetitive buy?

Are actuators available commercially?

NOTE: Answers to exercise 1A are contained in Appendix A to this guide.

EXERCISE 1 B

SCENARIO 2: You are a member of the acquisition team tasked to purchase an actuator for a F-75 engine. Historically, the only organizations you have been able to obtain this part from are Flight Operations Diversified (FOD) and Jet-engine United Northern Company (JUNC). The screening process revealed that the drawing package is incomplete but competitive. You have an immediate requirement for 30 actuators with an on-going requirement of 20 per year for the next 5 years. Other F-75 engine components are currently being purchased under other procurement actions. You have researched this item and found that it is not listed in either the FOD or JUNC catalog. Historically, the price for the items have been \$1950.00 per actuator for orders up to 15 and \$1875.00 for orders between 16 to 35 for FOD. The JUNC price is \$2000.00 per actuator for orders up to 10 and the unit price for orders 11 to 30 are \$1850.00. Based on this information, answer how you would apply all appropriate best practices (pages 15 to 20). The following questions will aid you in your thinking process.

Is this acquisition below the Simplified Acquisition Threshold?

Is this acquisition sole source or competitive?

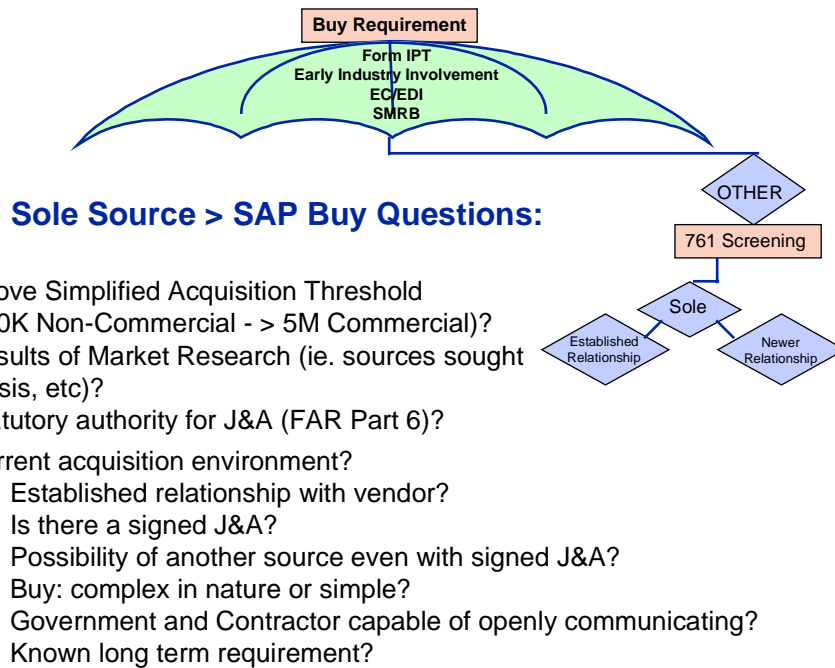
Can this acquisition be combined with another buy?

Has this acquisition been a repetitive buy?

Are actuators available commercially?

NOTE: Answers to exercise 1B are contained in Appendix A to this guide.

BEST PRACTICES FOR LARGE ACQUISITIONS



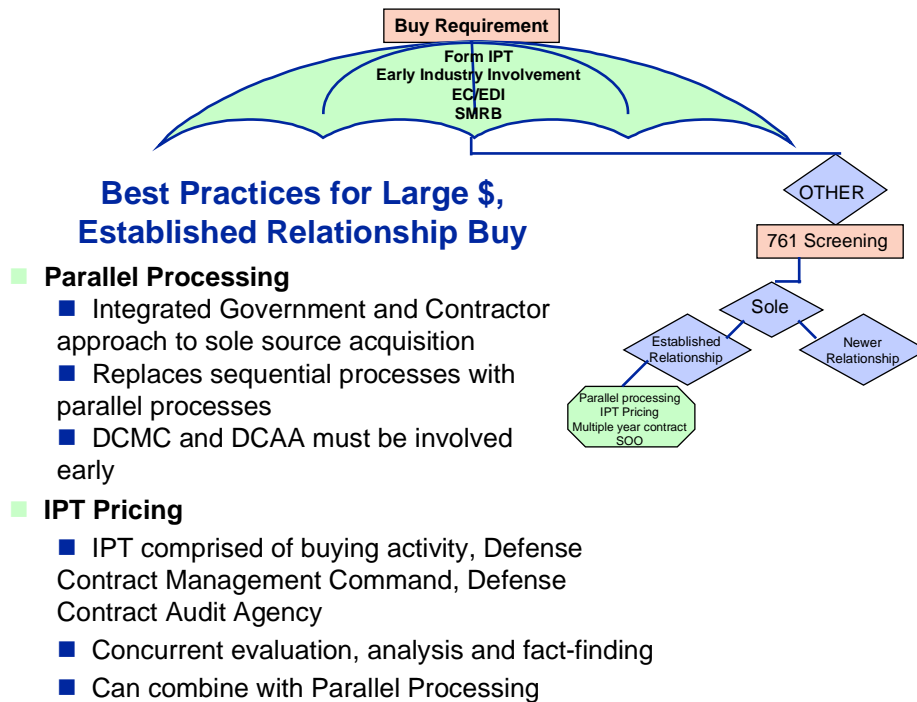
The next several pages will discuss acquisitions greater than \$100,000 Non-Commercial or \$5,000,000 Commercial. We will begin by determining the best practices for sole source buys over the Simplified Acquisition Threshold. There are several questions which must be answered to understand the acquisition environment. Either by combining a number of less than \$100K buys, or because the requirement was received that way, you determine the buy is over the Simplified Acquisition Threshold. This means FAR Part 6 applies in determining which authority permits contracting without full and open competition. Market Research must first be conducted in accordance with FAR Part 10 to determine if commercial items or non-developmental items are available to meet the Government need. The results of the market research support the decision for sole source and are documented in the Justification & Approval (J&A).

In determining the acquisition environment, consider the relationship with the contractor. Is there a well established relationship? Has the J&A been approved? In some cases, despite the fact that there is an approved J&A, consider the possibility that another offeror could potentially want to compete.

How complex is the buy? Would there be a benefit to involve the contractor in resolving problems that have appeared in the past? Is the system near the end of the sustainment life cycle, or will the requirement to support the system continue?

Finally, is the sole source contractor and Government team capable of communicating with each other openly and honestly?

BEST PRACTICES FOR LARGE ACQUISITIONS



If the response to the prior questions was positive, then consider utilizing the following best practices:

Parallel Processing

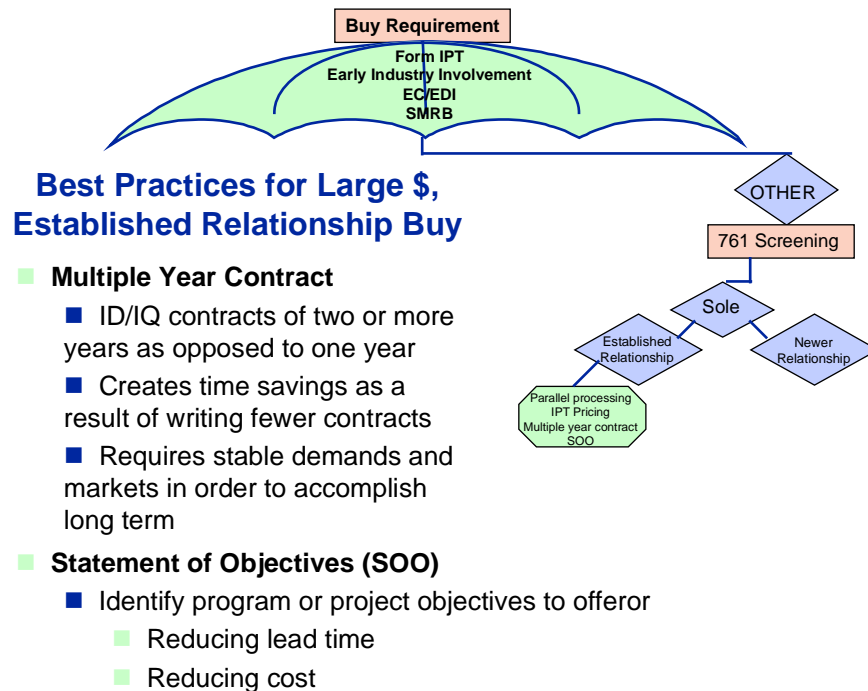
Parallel Processing is known by many different names at several locations. WR-ALC calls it the 8 Step process, OC-ALC calls it the Paradigm process, and ESC calls it “One-Pass”. The key ingredient to parallel processing is activities are accomplished by an integrated Government and Contractor Team in parallel as opposed to sequentially. Parallel Processing is resource intensive for both the Government and the Contractor, there must be a pay-off for both team members. Questions to consider: Are the benefits derived in the future significant, will operating costs be reduced, is total sales volume sufficient to persuade the contractor to team? Will the work to be accomplished benefit from the combined efforts of the Government and Contractor? If the answers are positive then the Team must commit resources necessary to accomplish intensive up-front work. Commitment to the process can be documented in a Memorandum of Agreement (MOA) with the sole source vendor,

Defense Contract Audit Agency (DCAA), and Defense Contract Management Command (DCMC). A letter of solicitation is issued. Teaming occurs in requirements definition, proposal, and model contract development. **The Award is made without a Formal RFP.**

IPT Pricing

Integrated Product Team (IPT) Pricing can be used for sole source acquisitions, new contracts, and contract modifications as part of parallel processing, or if parallel processing isn't being used to it's fullest, as a subset of parallel processing. For example, if the Government is not working with the contractor to define the requirement, IPT pricing could be applied by concurrently identifying the type of labor required and number of hours to accomplish the effort. IPT pricing uses the same basic premises as parallel processing (e.g. accomplishes processes concurrently; use of MOAs between parties involved; use of open communication with contractors during solicitation and proposal development processes).

BEST PRACTICES FOR LARGE ACQUISITION (CONT'D)



Multiple Year Contracting

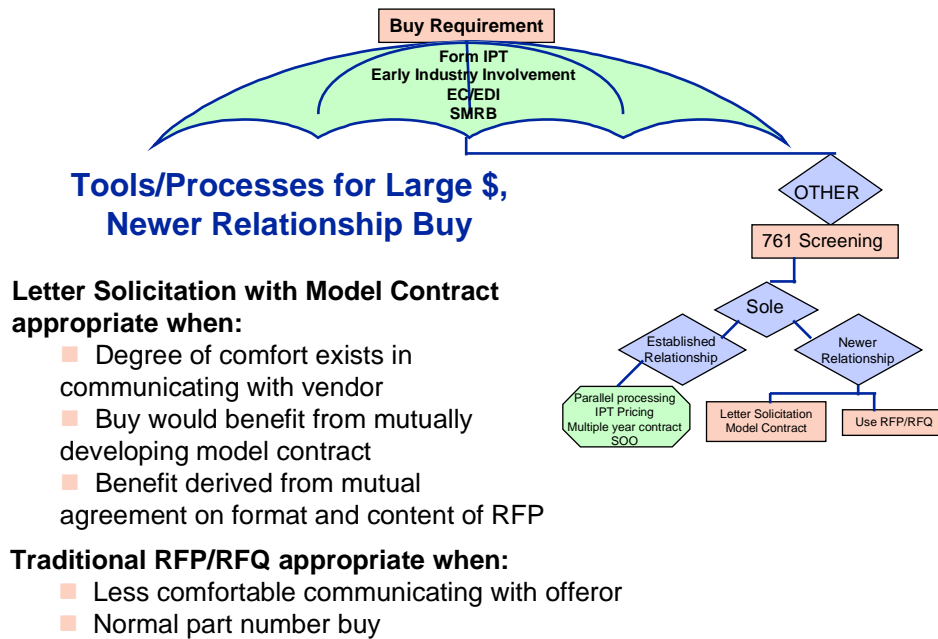
Multiple Year Contracting (MYC) is allowed per FAR 17.204. MYC requires stable demands and markets in order to accomplish long term. With the longer contract period contractors may be willing to change their processes to support improved Production Lead Times (PLTs) and/or reduce costs as well as, reducing Administrative Lead Times (ALTs).

Statement of Objectives

One of the often asked questions on spares buys is: “What is the relevance of a Statement of Objectives (SOO) to a spares buy?” There is no requirement for a SOO. Remember it is a statement of objectives and is used as a focusing/communication device. However, for spares buys the Government team may not have a detailed list of key objectives, instead there may be one or two areas the team wants to communicate as being important. Examples for using a SOO in a spares environment would be: (1) when conversion into a performance based (F³I) item is feasible or

(2) when improving delivery time without impacting total cost is a primary concern. If your team decides to use a SOO, then the SOO could be included in the text of the solicitation or as an attachment.

BEST PRACTICES FOR LARGE ACQUISITION (CONT'D)

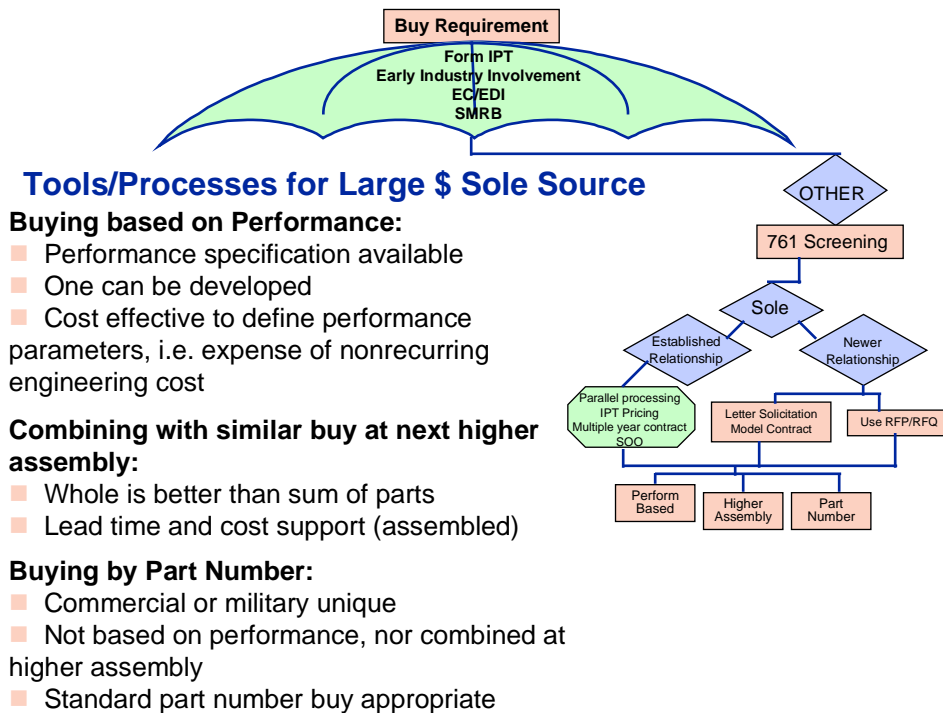


Tools/Processes for Large Dollar Buys

Some of the reasons parallel processing cannot be implemented fully are: (1) because the contractor isn't willing to fully participate or (2) the buy isn't complex enough to warrant utilization of resources to determine the appropriate labor and hours to accomplish the contract. One option to consider is jointly preparing only the model contract and using a letter of solicitation to request the contractor proposal. This will streamline the overall process by ensuring team buy-in to the requirement and the terms and conditions.

Finally, there are instances where the buy is merely a standard part number buy. There is no benefit to be derived from using parallel processing. It maybe the relationship between the Government and the Contractor is so limited that it will not support the openness necessary to make parallel processing work. In this case using the traditional approach to issuing a Government Request for Proposal (RFP)/Request For Quote (RFQ) and receiving a contractor proposal may be appropriate.

BEST PRACTICES FOR LARGE ACQUISITION (CONT'D)

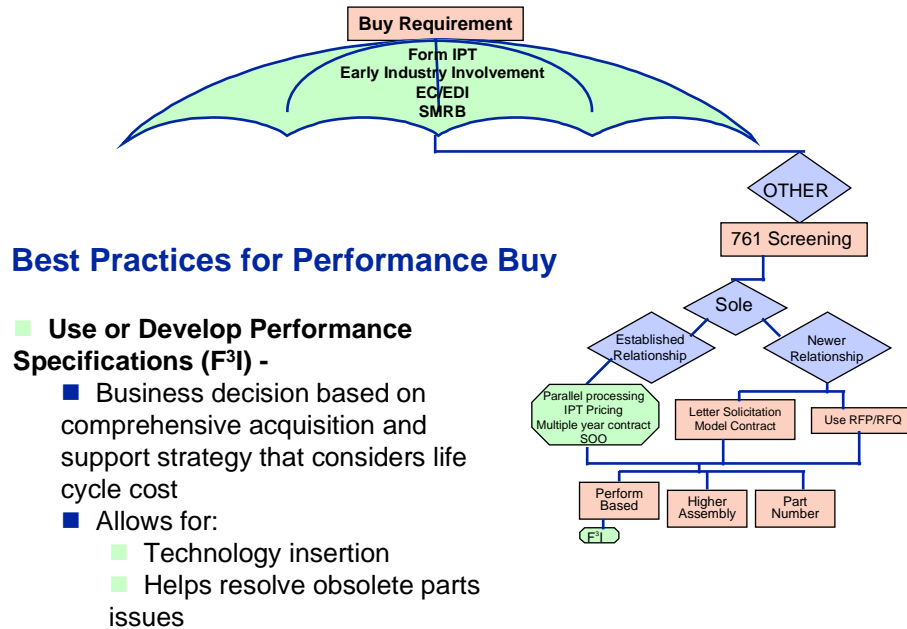


Once the approach to the solicitation is determined, there are several process questions that can be considered.

During the 761 screening process, first determine if a performance based buy is cost effective and technically feasible. If so, a Form, Fit, Function, and Interface (F³I) conversion effort may be appropriate (see page 32 of the guide). Second, determine if the buy can be either combined with a similar buy or be included in the next higher assembly buy. In both cases, the buying office will experience the economies of scale and will save on resource expenditure since fewer contracts have to be issued.

Finally, if neither process applies, then a part number buy may be appropriate.

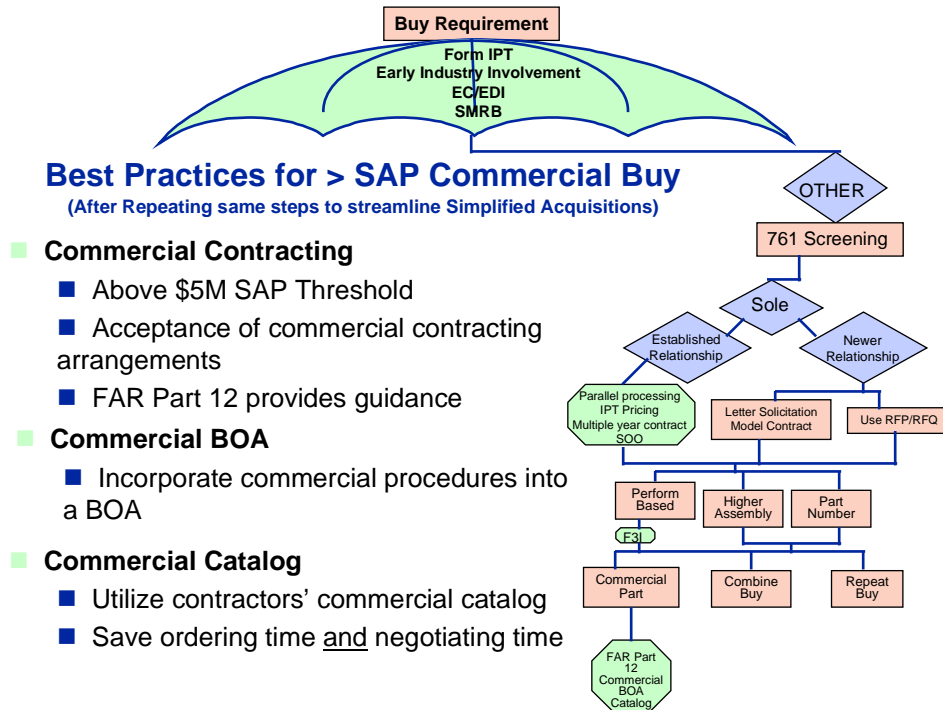
BEST PRACTICES FOR LARGE ACQUISITION (CONT'D)



Form, Fit, Function, and Interface (F³I)

Component improvement programs may utilize this F³I approach to develop increased capability or reliability of an item. Subsequent reprocurments may utilize the specific detail design developed to satisfy these requirements or the F³I requirement itself. The use of the performance based definition for subsequent procurement actions is highly dependent on the support strategy of the system and the individual component. F³I is the use of performance based design criteria to establish an end item's requirements. This approach does not delineate a specific design solution, but rather provides gross dimensional requirements (form), specific features necessary to operate in the given application (fit & interface) and operational acceptance criteria (function). This approach has long been used in the development of new systems. F³I allows the incorporation of new technology and supports contractor flexibility in use of common "single processes".

BEST PRACTICES FOR LARGE ACQUISITION (CONT'D)



Commercial Buys

Remember the “THINK” Model provides the most common path under which best practices may apply, and they are most beneficial when combined. Therefore when completing the sole source above the \$5M Simplified Acquisition Threshold the “THINK” Model acquisition environment may be different. Applying the processes previously applied to Simplified Acquisitions (e.g. combining, repeating, or commercial buys) is beneficial.

Best practices for commercial parts which can be combined with other best practices are as follows:

Commercial Contracting

Commercial Contracting procedures are generally considered to be more streamlined than DoD contracting procedures. Guidance for commercial contracting is found in FAR Part 12. Commercial contracting is most effective when strictly commercial procedures are used as opposed to mixing Government and commercial procedures.

NOTE: Simplified Acquisition Procedures (SAP) are used for commercial buys up to \$5 Million (FAC 90-45). FAR 13.602 requires the use of a J&A for SAP actions over \$100,000.

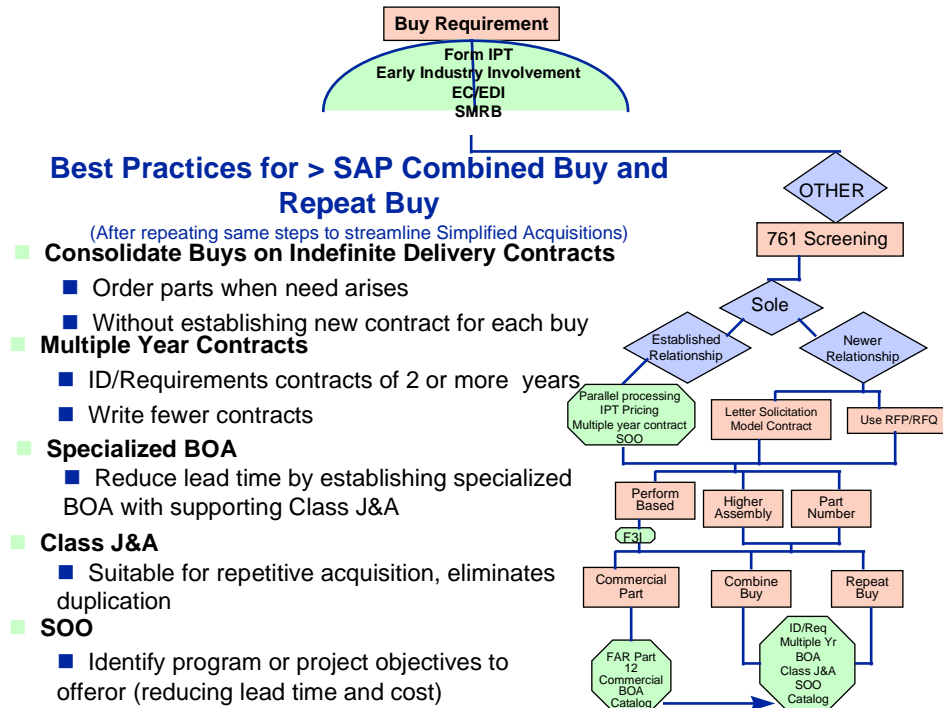
Commercial BOA

Commercial Basic Ordering Agreement (BOA) are used for sole source and competitive procurements when specific items, quantities, and prices are not known to support the establishment of an Indefinite Delivery/Requirements Contract. BOAs incorporate commercial procedures such as, commercial invoice/payment procedures, commercial packaging, and other commercial practices as appropriate. Commercial BOAs may be supported by a Class J&A. BOAs are accomplished in accordance with FAR 16.703 and FAR Part 12. Example: OC-ALC has established commercial BOAs and combined them with Electronic Commerce/Electronic Data Interchange (EC/EDI) techniques, reducing the time to fill an order to 1 to 3 days.

Commercial Catalog

Utilizing a contractor's commercial catalog eases the workload associated with pricing and ordering of commercial parts.

BEST PRACTICES FOR LARGE ACQUISITION (CONT'D)



Indefinite Delivery/Requirements Contracts

Indefinite Delivery/Requirements Contracts are used when there is a repetitive buy or if buys can be combined across organizations. Timing must allow for the identification of potential quantities of recurring candidate replenishment spares and/or groups of related items. Orders are placed unilaterally. Guidance is contained in FAR 16.500. (See page 16 for Indefinite Delivery Contracts)

Specialized BOA

Specialized Basic Order Agreements (BOAs) are particularly applicable to procurements which lack sufficient information to support the establishment of an ID/Requirements Contract. For spares buys the BOA is contractor and/or system unique. Specialized BOAs may be supported by a Class J&A. For more information see FAR 16.703.

Class J&A

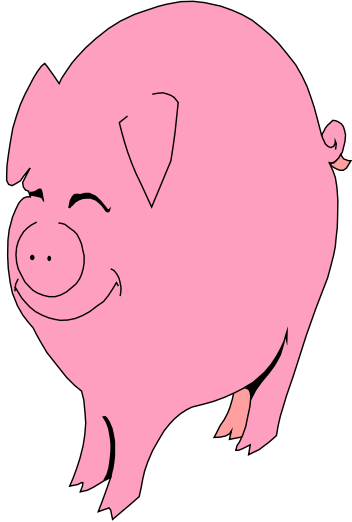
Class Justification and Approval (J&A) can be used for repetitive buys of multiple parts from a single vendor where requirements are reasonably known. J&A preparation time for future acquisitions of an item (or group of items) on a specific program would be eliminated, saving time. Both FAR 6.303-1 and DFARS 206.303-1 provide guidance. The requiring activity must be able to identify appropriate Class J&A candidates since they initiate the J&A process and prepare Part I of the J&A at Logistics Centers.

Statement of Objectives

A means for the Government Team to identify critical objectives. See pages 28 and 29 for more information.

EXERCISE 2

Test Time!!!



- ❖ You have noticed this is the third time this year your computation has put you into a buy position for a Pendulous Integrated Gyroscopic Assembly (PIGA) for the Minuteman Missile
- ❖ It's a sole source contract to Honeydew Inc.
- ❖ The unit cost for a PIGA is \$250K
- ❖ What would you do? And how would you do it?

To accomplish exercise 2, use the information obtained from pages 24 to 36 to answer how you would apply all appropriate best practices. Answers to exercise 2 (contained in Appendix A to this guide) are only provided as possible solutions.

NOTE: The scenario's provided for the exercises provide only limited examples on the applicability of the "Best Practices". They are provided to assist you in applying them to real world situations.

EXERCISE 2

SCENARIO : You are a member of the acquisition team tasked to purchase Pendulous Integrated Gyroscopic Assembly (PIGA) for the Minuteman Missile. Historically, the only company available to obtain this part is Honeydew Incorporated. You have an immediate requirement for 2 each PIGA's at a unit cost of \$250,000 each and this is the third time this year your computation has put you into a buy position. Your relationship with the company is less than ideal and you are hoping that with this immediate buy that you can deliver the parts on time. You know that the PIGA is pushing the state-of-the-art and the Minuteman Missile can not launch without it. Based on this information, answer how you would apply all appropriate best practices (pages 24 to 36). The following questions will aid you in your thinking process.

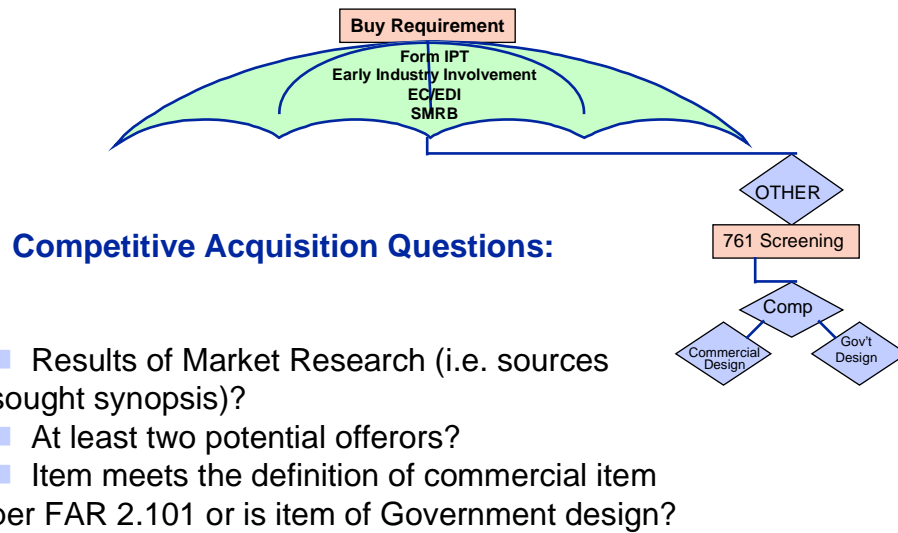
Is there a continuing need for the PIGA?

Is market research required?

Is the buy complex/expensive? If so, would parallel processing be appropriate?

NOTE: Answers to exercise 2 are contained in Appendix A to this guide.

BEST PRACTICES FOR COMPETITIVE ACQUISITIONS

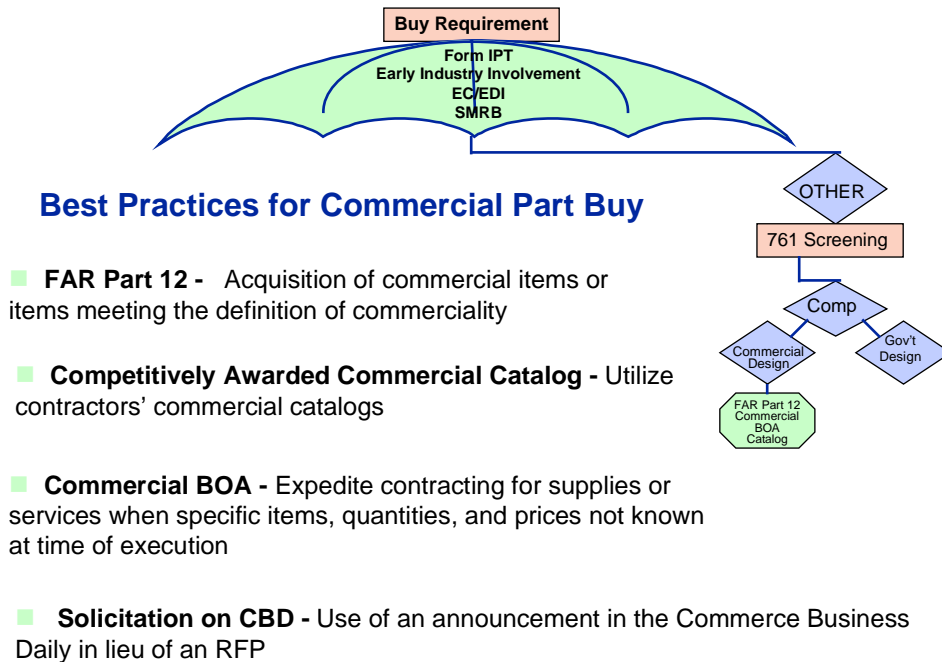


COMPETITIVE ACQUISITIONS

On the competitive side, questions to consider in determining the acquisition environment are:

What were the results of the market research conducted in accordance with FAR Part 10? Are there at least two potential offerors? If so, the environment is appropriate for competition. Is the buy commercial or not? FAR 1.102, emphasizes maximizing the use of commercial products and services. The definition for commercial items is lengthy and can be found in FAR 2.101. If the spare does not meet the definition for commercial items then consider it to be of military design.

BEST PRACTICES FOR COMPETITIVE ACQUISITIONS



Best practices for competitively awarded commercial parts are as follows:

Commercial BOA

A Basic Ordering Agreement (BOA) can be established for a procurement when specific items, quantities, and prices are not known to support the establishment of an ID/Requirements Contract (could be accomplished by bundling). Incorporate commercial procedures such as, commercial invoice/payment procedures, commercial packaging, and other commercial practices as appropriate. For more information see FAR 16.703 and FAR Part 12.

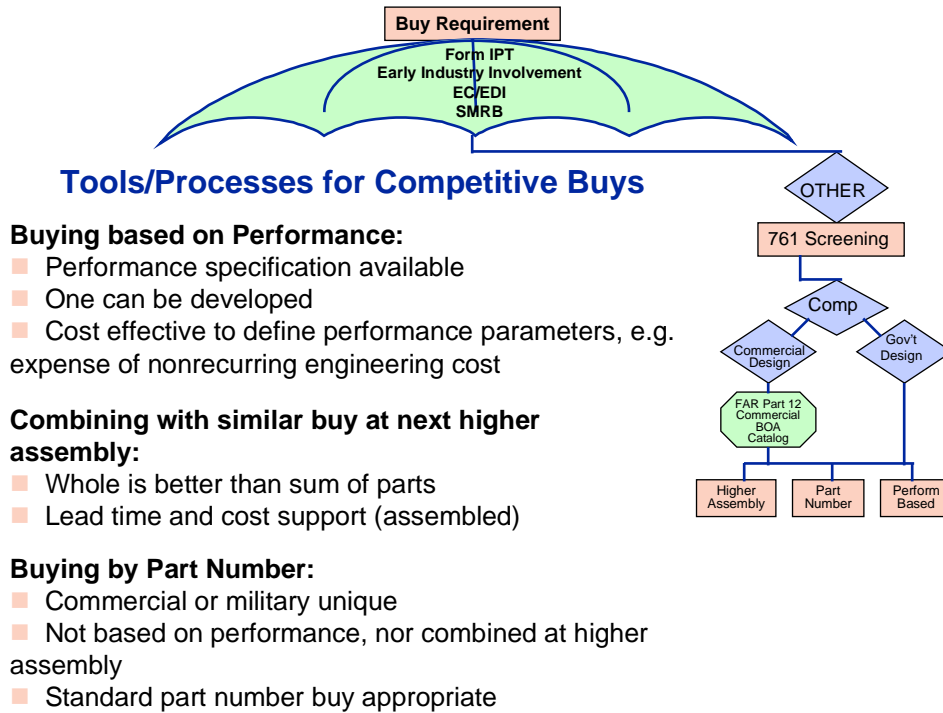
Commercial Catalog

Commercial catalog prices are available from more than one offeror to meet the requirement. Utilizing a contractors commercial catalog eases the workload associated with pricing and ordering of commercial parts.

Solicitation on CBD

A written solicitation in the Commerce Business Daily (CBD) can be issued for the acquisition of commercial items. It is limited to approximately 3 1/2 pages; however, waivers can be received to exceed the limitation. This approach combines CBD Synopsis, required in accordance with FAR 5.203, and the issuance of the solicitation into a single document. Response time is at least 15 days from the date the notice is published in CBD. More guidance can be found in FAR 12.603.

BEST PRACTICES FOR COMPETITIVE ACQUISITIONS (CONT'D)

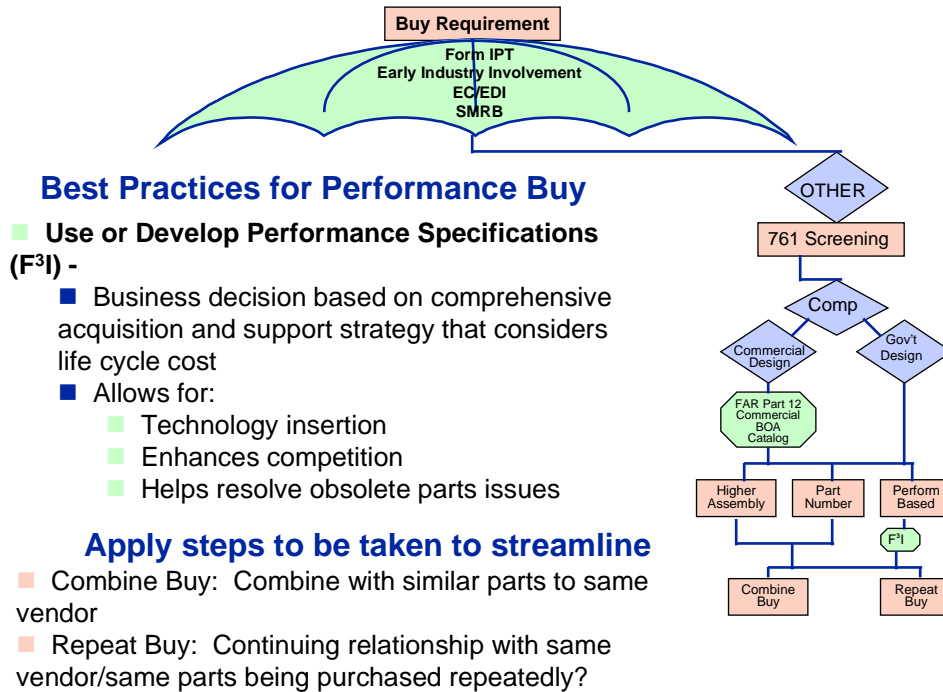


Tools/Processes for Competitive Buys

Whether the competitive buy is commercial or a military design there are several processes that can be applied that would streamline the acquisition.

First, determine if the buy can be performance based. This can be accomplished if a performance specification is already available or one can be developed in a cost effective manner. Second, determine if the buy can either be combined with a similar buy, or can the buy be included in the next higher assembly. In both cases, the buying office will experience the economies of scale and will save on resource expenditure since fewer contracts have to be issued. Finally, if neither process applies, then a part number buy may be appropriate.

BEST PRACTICES FOR PERFORMANCE ACQUISITIONS



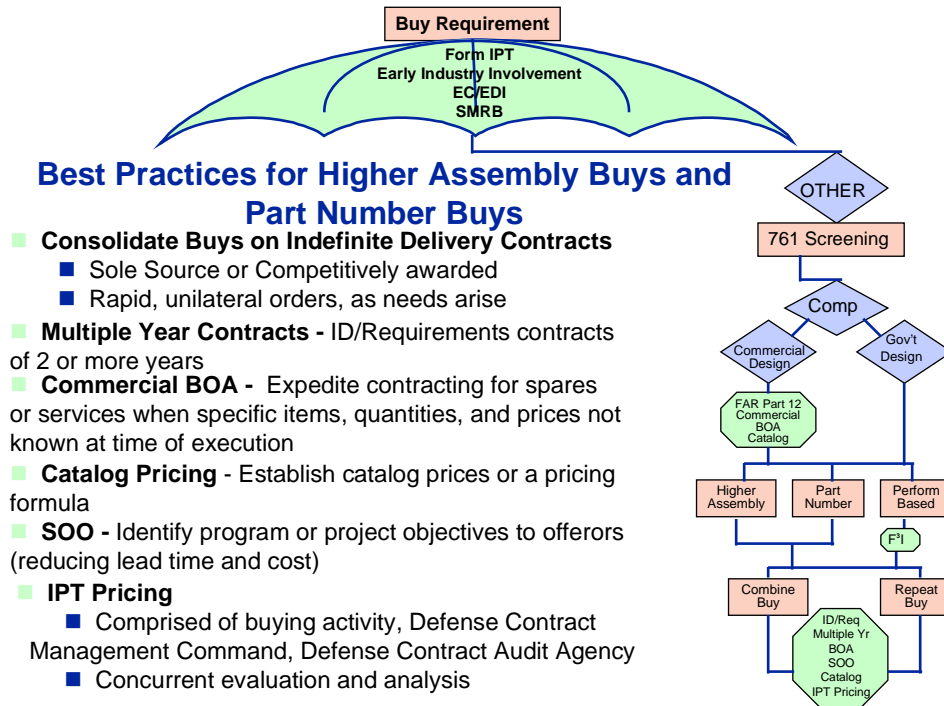
PERFORMANCE ACQUISITIONS Form, Fit, Function, and Interface (F³I)

Component improvement programs may utilize this F³I approach to develop increased capability or reliability of an item. Subsequent reprocurments may utilize the specific detail design developed to satisfy these requirements or the F³I requirement itself. The use of the performance based definition for subsequent procurement actions is highly dependent on the support strategy of the system and the individual component. F³I is the use of performance based design criteria to establish an end item's requirements. This approach does not delineate a specific design solution, but rather provides gross dimensional requirements (form), specific features necessary to operate in the given application (fit & interface) and operational acceptance criteria (function). This approach has long been used in the development of new systems. F³I provides the opportunity for competition and allows incorporation of new

technology. F³I supports contractor flexibility in use of common “single processes”.

NOTE: Once you have determined if the buy is: (1) by F³I, or (2) to be made at the next higher assembly, or (3) by part number, consider again if it could be combined with a similar class of parts.

BEST PRACTICES FOR HIGHER ASSEMBLY/PART NUMBER ACQUISITIONS



HIGHER ASSEMBLY BUYS AND PART NUMBER BUYS

Competitively Awarded Indefinite Delivery/Requirements Contract

When dealing with a repetitive buy or if buys can be combined across organizations, consider competitively awarding an Indefinite Delivery/Requirements contract. Timing must allow for the identification of potential quantities of recurring candidate replenishment spares and/or groups of related items. Once awarded orders are sole source. Additional guidance can be found in FAR 16.500. (See page 17 for more information)

Multiple Year Contracting

Multiple Year Contracting is allowed per FAR 17.204. This approach requires stable demands and markets in order to accomplish long term. See page 28 for more information.

Basic Ordering Agreement (BOA)

A Basic Ordering Agreement (BOA) can be established for a procurement when specific items, quantities, and prices are not known to support the establishment of an ID/Requirements Contract (could be accomplished by bundling). Incorporate prearranged procedures such as, commercial invoice/payment procedures, commercial packaging, and other terms and conditions as appropriate. For more information see FAR 16.703.

Catalog Pricing

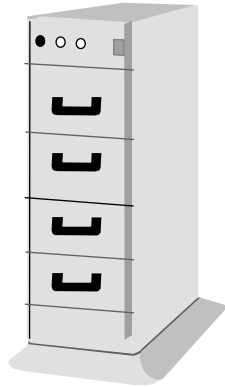
Catalog pricing is used when a repetitive buy would benefit from having established catalog prices. Offerors must be willing to establish catalog prices during or prior to the competitive phase.

IPT Pricing

Integrated Product Team (IPT) pricing is normally used for sole source; however, a competitive process can be streamlined by establishing concurrent activities for the Government only team. IPT pricing must ensure maximum participation by all Government team members during evaluation and analysis. This approach increases communication and ensures clear understanding by all team members.

EXERCISE 3

Test Time!!!



- ⌘ You have several buys for circuit cards in the A2 drawer of a Depot Hydraulics Final Acceptance Test Stand to support a number aircraft
- ⌘ The range of prices are from \$1,000 to \$3,000, but the prices are going up because the technology is becoming obsolete
- ⌘ What would you do?

To accomplish exercise 3, use the information obtained from pages 39 to 46 to answer how you would apply all appropriate best practices. Answers to exercise 3 (contained in Appendix A to this guide) are only provided as possible solutions.

NOTE: The scenario's provided for the exercises provide only limited examples on the applicability of the "Best Practices". They are provided to assist you in applying them to real world situations.

EXERCISE 3

SCENARIO : You are a member of the acquisition team which has made several buys for circuit cards for the A2 drawer. They are component parts of a Depot Hydraulics Final Acceptance Test Stand which supports a number of your aircraft. Historically, the range of prices for this item have been from \$1,000 to \$3,000 but the prices are going up because technology is becoming obsolete. Market research revealed that there are higher reliability items including the next higher assembly available within the commercial market. Based on this information, answer how you would apply all appropriate best practices (pages 39 to 46). The following questions will aid you in your thinking process.

Are the items competitively and commercially available?

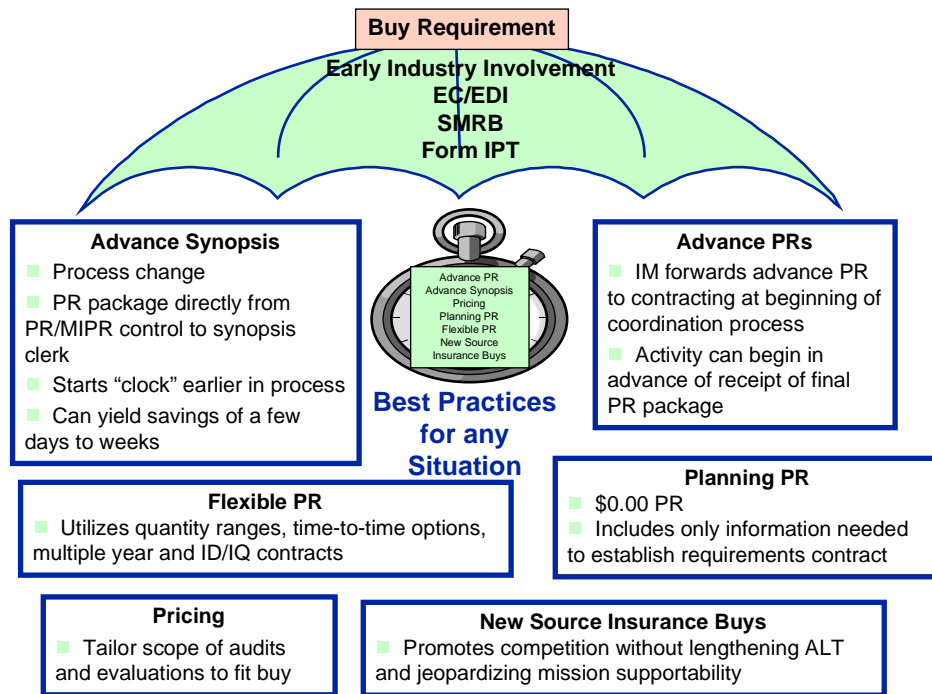
Is there a possibility of buying at the next higher assembly?

Technology is becoming obsolete, what can be done?

There are several different cards being purchased, does this help?

NOTE: Answers to exercise 3 are contained in Appendix A to this guide.

OTHER TIME SAVING TOOLS



OTHER TIME SAVING TOOLS

Other time saving tools and processes that apply to almost any situation (competitive and non-competitive) are as follows:

Advance Synopsis

An advance synopsis is used to process a change by directing the purchase request and other documents directly from Purchase Request/Military Interdepartmental Purchase Request (PR/MIPR) control to the synopsis clerk rather than through the buying office first. This approach starts the 21 day “clock” earlier in the process and can yield savings of a few days to weeks. This approach works well when the requirements are firm and avoids having amendments to the synopsis.

Advance PRs

Advance Purchase Requests (PRs) (not fully coordinated) should be provided to contracting at the beginning of the coordination process in order to allow contracting to prepare and transmit the synopsis to the Commerce Business Daily (CBD) earlier. This practice can save 15 - 30 days. Advance PRs are used when the considered buy will occur as planned.

Tailored Pricing

Pricing is more effective when you are attempting to simplify or eliminate pricing activity for both competitive and sole source acquisitions by using catalog pricing, formula pricing, and cost estimating relationships. You should tailor the scope of audits and evaluations to fit the buy and not all buys require formal audits or in-depth evaluations.

Planning PRs

Planning Purchase Requests (PRs) include no funds. Planning PRs can be used to establish a requirements contract as well as, a variety of other contracts.

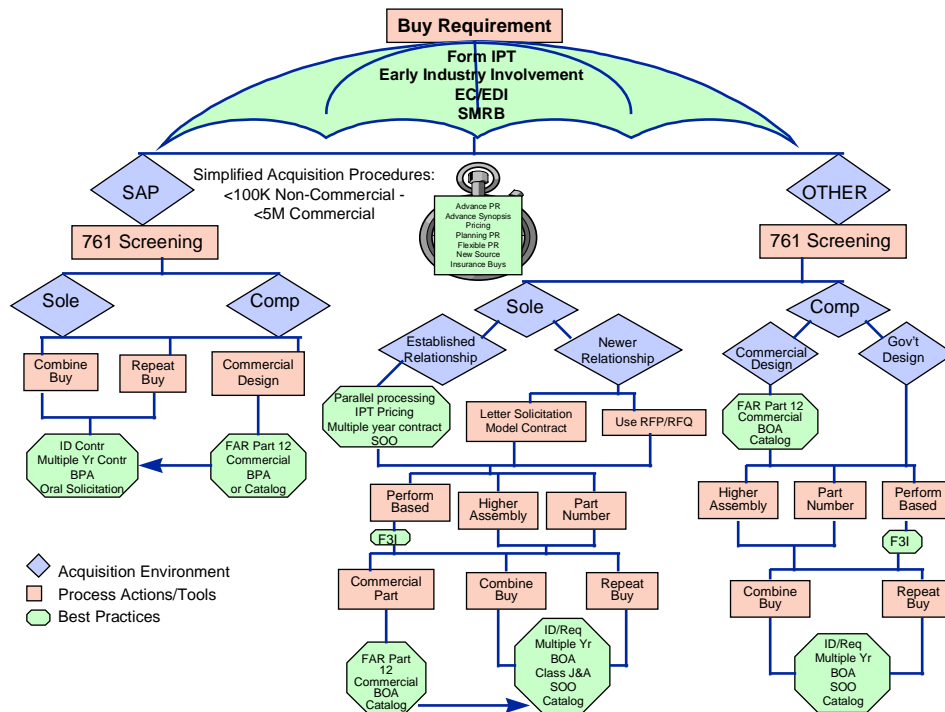
Flexible PRs

Provides greater procurement flexibility. For example, quantity range PRs (Minimum, medium, & maximum) allow quantity changes without a PR amendment of the final buy if the quantity falls within the range. Other flexible PR contract vehicles include multiple year contracts for requirements covering more than one year, e.g. ID/IQ contracts and options to purchase additional quantities from time to time over an agreed upon period. These flexible PRs eliminate the need for additional solicitations, proposals, and negotiation.

New Source Insurance Buys

Allows new sources to compete for contracts without lengthening ALT and jeopardizing mission supportability.

THINK MODEL



Now that you are to this point in the guide, you have gone through each branch of the “THINK” Model. Putting all of the branches together reveals the entire “THINK” Model. Recognize that the best practices (green - octagons) are displayed for a most probable path; however, there is no single correct answer. Also, the majority of the best practices have multiple applications.

Use this guide to help “**Think**” about innovative approaches to streamline the spares acquisition. Remember, it is possible to combine many of the processes. Many of the tools described are most effective when used in conjunction with various other techniques, such as parallel processing, class Justification & Approvals (J&As), and Indefinite Delivery (ID) contracts.

Robert A. Lach
Director, Centralized RFP Support Team
Air Force Materiel Command

APPENDIX A

SOLUTIONS

TO

EXERCISES

EXERCISE 1 A

SCENARIO 1: You are a member of the acquisition team tasked to purchase an actuator for a F-75 engine. Historically, the only company available to obtain this part is Jet-engine United Northern Company (JUNC). The screening process revealed that the drawing package is incomplete. You have an immediate requirement for 25 actuators with an on-going requirement of 18 per year for the next 5 years. Other JUNC unique components are currently being purchased under other procurement actions. You have researched this item and the JUNC catalog price is \$4,000.00 per actuator for orders up to 10 and the unit price for orders 11 to 30 are \$3,200.00. Based on this information, answer how you would apply all appropriate best practices (pages 15 to 20). The following questions will aid you in your thinking process.

Is this acquisition below the Simplified Acquisition Threshold?

Yes.

$$\begin{aligned} \$4,000 \times 10 &= \$40,000 \text{ plus } \$3,200 \times 8 = \$25,600. \\ \$40,000 + \$25,600 &= \underline{\$65,600}. \end{aligned}$$

Is this acquisition sole source or competitive?

Sole Source.

Can this acquisition be combined with another buy?

Yes.

AFMC FAR Sup 5313.104 recommends consolidating requirements whenever possible to save resources. This will also streamline the acquisition by reducing the number of buys necessary. Therefore, determine if the buy can be combined with other similar parts, or if the buy requirement was repeated in the past with an expectation that it will continue to be purchased in the future. Also, does the

EXERCISE 1 A

(CONT'D)

spare meet the definition of commercial items per FAR Part 2.101, or does it have a commercial part number. Any combination of these steps could apply to a single Simplified Acquisition. FAR Part 13.103 encourages buyers to use innovative approaches when following Simplified Acquisition procedures. (see page 16 of the guide)

Has this acquisition been a repetitive buy?

Yes.

One possible solution could be an “Indefinite Delivery (ID) Contract”. ID contracts are used when there is a repetitive buy or if buys can be combined across organizations, consider use of an ID contract (FAR 13.109). Timing must allow for identification of potential quantities of recurring candidate replenishment spares and/or groups of related items. This requires up front planning to determine spares to be included in the contract. However, once this is done, orders can be placed unilaterally in a fraction of the former time. (see page 17 of the guide)

NOTE 1: If combining requirements drives the total value over \$100,000 then you must reenter the “THINK” Model.

NOTE 2: Early Industry Involvement (EII) is highly suggested.

Other possible solution is Blanket Purchase Agreements (BPAs). BPAs apply to a wide variety of items in a broad class of supplies that are generally purchased, but exact items, quantities, and delivery requirements are not known in advance and may vary. BPAs are allowed per FAR 13.202. BPAs are established in coordination with a supplier. For premium benefit, make arrangements for securing maximum discounts, documenting transactions, and billing procedures. Purchases should be made electronically. (see page 18 of the guide)

EXERCISE 1 A (CONT'D)

Are actuators available commercially?

Yes.

One possible solution is the use of Commercial Contracting. Federal Acquisition Circular, FAC 90-45 (2 Jan 97) allows for the application of Simplified Acquisition Procedures (SAP) to commercial buys up to \$5 million. In this case, FAR 13.602 requires the use of a Justification and Approval for sole source contracts over \$100,000. Commercial Contracting procedures are generally considered to be more streamlined than DoD contracting procedures. Guidance for commercial contracting is found in FAR Part 12. It does not apply to the micro-purchase level. Commercial contracting is most effective when strictly commercial procedures are used as opposed to mixing Government and commercial procedures. (see page 19 of the guide)

Another solution for simplified acquisitions is a Commercial Blanket Purchasing Agreement (BPA) and it is highly effective in streamlining a buy. It is allowed per FAR 13.201, and combines the advantages of a BPA and commercial contracting. (see page 20 of the guide)

Of note is utilizing the contractors' commercial catalogs which eases the workload associated with pricing and ordering of commercial parts. (see page 20 of the guide)

NOTE: As you can see, even with this simple scenario there are numerous possible solutions. That is why the acquisition team needs to apply the best match of the “Best Practices” highlighted in this guide.

EXERCISE 1 B

SCENARIO 2: You are a member of the acquisition team tasked to purchase an actuator for a F-75 engine. Historically, the only organizations you have been able to obtain this part from are Flight Operations Diversified (FOD) and Jet-engine United Northern Company (JUNC). The screening process revealed that the drawing package is incomplete but competitive. You have an immediate requirement for 30 actuators with an on-going requirement of 20 per year for the next 5 years. Other F-75 engine components are currently being purchased under other procurement actions. You have researched this item and found that it is not listed in either the FOD or JUNC catalog. Historically, the price for the items have been \$1950.00 per actuator for orders up to 15 and \$1875.00 for orders between 16 to 35 for FOD. The JUNC price is \$2000.00 per actuator for orders up to 10 and the unit price for orders 11 to 30 are \$1850.00. Based on this information, answer how you would apply all appropriate best practices (pages 15 to 20). The following questions will aid you in your thinking process.

Is this acquisition below the Simplified Acquisition Threshold?

Yes.

FOD - $\$1,950 \times 15 = \$29,250$ plus $\$1,875 \times 5 = \$9,375$
 $\$29,250 + \$9,375 = \underline{\$38,625}$.

JUNC - $\$2,000 \times 10 = \$20,000$ plus $\$1,850 \times 10 = \$18,500$
 $\$20,000 + \$18,500 = \underline{\$38,500}$.

Is this acquisition sole source or competitive?

Competitive.

EXERCISE 1 B (CONT'D)

Can this acquisition be combined with another buy?

Yes.

AFMC FAR Sup 5313.104 recommends consolidating requirements whenever possible to save resources. This will also streamline the acquisition by reducing the number of buys necessary. Therefore, determine if the buy can be combined with other similar parts, or if the buy requirement was repeated in the past with an expectation that it will continue to be purchased in the future. Also, does the spare meet the definition of commercial items per FAR Part 2.101, or does it have a commercial part number. Any combination of these steps could apply to a single Simplified Acquisition. FAR Part 13.103 encourages buyers to use innovative approaches when following Simplified Acquisition procedures. (see page 16 of the guide)

Has this acquisition been a repetitive buy?

Yes.

One possible solution could be an "Indefinite Delivery (ID) Contract". ID contracts are used when there is a repetitive buy or if buys can be combined across organizations, consider use of an ID contract (FAR 13.109). Timing must allow for identification of potential quantities of recurring candidate replenishment spares and/or groups of related items. This requires up front planning to determine spares to be included in the contract. However, once this is done, orders can be placed unilaterally in a fraction of the former time. (see page 17 of the guide)

NOTE: Early Industry Involvement (EII) is highly suggested.

EXERCISE 1 B

(CONT'D)

Another possible solution is Blanket Purchase Agreements (BPAs). BPAs apply to a wide variety of items in a broad class of supplies that are generally purchased, but exact items, quantities, and delivery requirements are not known in advance and may vary. BPAs are allowed per FAR 13.202. BPAs are established in coordination with a supplier. For premium benefit, make arrangements for securing maximum discounts, documenting transactions, and billing procedures. Purchases should be made electronically. (see page 18 of the guide)

Are actuators available commercially?

No.

NOTE 1: As you can see, even with this simple scenario there are numerous possible solutions. That is why the acquisition team needs to apply the best match of the “Best Practices” highlighted in this guide.

NOTE 2: Please compare the possible solutions in Exercise 1A and 1B. Note that “Best Practices” can apply to both competitive and non-competitive acquisitions.

EXERCISE 2

SCENARIO : You are a member of the acquisition team tasked to purchase Pendulous Integrated Gyroscopic Assemblies (PIGA) for the Minuteman Missile. Historically, the only company available to obtain this part is Honeydew Incorporated. You have an immediate requirement for 2 each PIGA's at a unit cost of \$250,000 each and this is the third time this year your computation has put you into a buy position. Your relationship with the company is less than ideal and you are hoping that with this immediate buy that you can deliver the parts on time. You know that the PIGA is pushing the state-of-the-art and the Minuteman Missile can not launch without it. Based on this information, answer how you would apply all appropriate best practices (pages 24 to 36). The following questions will aid you in your thinking process.

Is there a continuing need for the PIGA?

Yes.

Is market research required?

Yes.

FAR Part 6 applies in determining which authority permits contracting without full and open competition. Market Research must first be conducted in accordance with FAR Part 10 to determine if commercial items or non-developmental items are available to meet the Government need. The results of the market research support the decision for sole source and are documented in the Justification & Approval (J&A). (see page 24 of the guide)

EXERCISE 2 (CONT'D)

In determining the acquisition environment, consider the relationship with the contractor. Is there a well established relationship? In some cases, despite the fact that there is an approved J&A, consider the possibility that another offeror could potentially want to compete. How complex is the buy? Would there be a benefit to involve the contractor in resolving problems that have appeared in the past? Is the system near the end of the sustainment life cycle, or will the requirement to support the system continue?

Finally, is the sole source Contractor and Government Team capable of communicating with each other openly and honestly? (see page 25 of the guide)

Is the buy complex/expensive? If so, would parallel processing be appropriate?

Yes

In this case a lot of benefit would be derived from working closely with the contractor to establish a long term contract, possibly an ID/IQ contract, for ordering PIGAs. The unit price could be negotiated for several years in the future; thereby reducing the ordering time when a requirement does arise. Also, by working as a Government/Contractor IPT, the model contract and proposed price can be “agreed” upon without the use of an RFP. This will help streamline the establishment of the basic contract.

Parallel processing may not be appropriate due to an adverse relationship with the sole source contractor sighted in the scenario. Some of the reasons parallel processing cannot be implemented fully are: (1) because the contractor isn't willing to fully participate or (2) the buy isn't complex enough to warrant utilization of resources to determine the appropriate labor and hours to accomplish the contract. One option to consider is jointly preparing only the model contract and using a letter of solicitation to request the contractor

proposal. This will streamline the overall process by ensuring team buy-in to the requirement and the terms and conditions. (see page 30 of the guide)

Finally, there are instances where the buy is merely a standard part number buy. There is no benefit to be derived from using parallel processing. It may be the relationship between the Government and the Contractor is so limited that it will not support the openness necessary to make parallel processing work. In this case using the traditional approach to issuing a Government Request for Proposal (RFP)/Request For Quote (RFQ) and receiving a contractor proposal may be appropriate. (see page 30 of the guide)

NOTE: As you can see, even with this simple scenario there are numerous possible solutions. That is why the acquisition team needs to apply the best match of the “Best Practices” highlighted in this guide.

EXERCISE 3

SCENARIO : You are a member of the acquisition team which has made several buys for circuit cards for the A2 drawer. They are component parts of a Depot Hydraulics Final Acceptance Test Stand which supports a number of your aircraft. Historically, the range of prices for this item have been from \$1,000 to \$3,000 but the prices are going up because technology is becoming obsolete. Market research revealed that there are higher reliability items, including the next higher assembly, available within the commercial market from several sources. Based on this information, how would you apply all appropriate best practices (pages 39 to 46). The following questions will aid you in your thinking process.

Are the items competitively and commercially available?

Yes.

On the competitive side, questions to consider in determining the acquisition environment are: What were the results of the market research conducted in accordance with FAR Part 10? Are there at least two potential offerors? If so, the environment is appropriate for competition. Is the buy commercial or not? FAR 1.102, emphasizes maximizing the use of commercial products and services. The definition for commercial items is lengthy and can be found in FAR 2.101. If the spare does not meet the definition for commercial items then consider it to be of military design. (see page 39 of the guide)

Best practices for competitively awarded commercial parts are as follows:

Simplified Acquisition Procedures

Federal Acquisition Curricular, FAC 90-45 (2 Jan 97) allows for the use of SAP for Commercial Items up to \$5 million. (see page 40 of the guide)

EXERCISE 3 (CONT'D)

Commercial BOA

A Basic Ordering Agreement (BOA) can be established for a procurement when specific items, quantities, and prices are not known to support the establishment of an ID/Requirements Contract (could be accomplished by bundling). Incorporate commercial procedures such as, commercial invoice/payment procedures, commercial packaging and other commercial practices as appropriate. For more information see FAR 16.703 and FAR Part 12. (see page 40 of the guide)

Commercial Catalog

Commercial catalog prices are available from more than one offeror to meet the requirement. Utilizing a contractor's commercial catalog eases the workload associated with pricing and ordering of commercial parts. However, this does not allow for cost and pricing data to be obtained. (see page 41 of the guide)

Solicitation on CBD

A written solicitation in the Commerce Business Daily (CBD) can be issued for the acquisition of commercial items. It is limited to approximately 3 1/2 pages; however waivers can be obtained to exceed the limit. This approach combines the CBD Synopsis required in accordance with FAR 5.203 and the issuance of the solicitation into a single document. Response time is at least 15 days from the date the notice is published in CBD. More guidance can be found in FAR 12.603. (see page 41 of the guide)

EXERCISE 3 (CONT'D)

Is there a possibility of buying at the next higher assembly?

Yes.

Whether the competitive buy is commercial or a military design there are several processes that can be applied that would streamline the acquisition.

First, determine if the buy can either be combined with a similar buy, or can the buy be included in the next higher assembly. In both cases, the buying office will experience the economies of scale and will save on resource expenditure since fewer contracts have to be issued. Second, determine if the buy can be performance based. This can be accomplished if a performance specification is already available or one can be developed in a cost effective manner. Finally, if neither process applies, then a part number buy may be appropriate. (see page 42 of the guide)

Technology is becoming obsolete, what can be done?
There are several different cards being purchased, does this help?

Form, Fit, Function, and Interface (F³I)

Based on this scenario, a F³I approach could be taken, if cost effective. Also, component improvement programs may utilize this F³I approach to develop increased capability or reliability of an item. Subsequent reprocurments may utilize the specific detail design developed to satisfy these requirements or the F³I requirement itself. The use of the performance based definition for subsequent procurement actions is highly dependent on the support strategy of the system and the individual component. F³I is the use of performance based design criteria to establish an end item's requirements. This approach does not delineate a specific design solution, but rather provides gross dimensional requirements (form),

EXERCISE 3

(CONT'D)

specific features necessary to operate in the given application (fit & interface) and operational acceptance criteria (function). This approach has long been used in the development of new systems. F³I allows the incorporation of new technology and supports contractor flexibility in use of common “single processes”. (see pages 43 and 44 of the guide)

NOTE: As you can see, even with this simple scenario there are numerous possible solutions. That is why the acquisition team needs to apply the best match of the “Best Practices” highlighted in this guide.